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JOINT VENTURE AGREEMENT: Form of general agreement between parties to conduct a business operation as a joint venture

Agreement made _____, _____, between _____[A.B.], of _____[address], City of _____, State of _____, and _____[C.D.], of _____[address], City of _____.

RECITALS

1. The parties desire to conduct a business operation together.
2. Each party is willing to invest money to finance the conduct of the operation.
3. It is agreed that the most desirable form of business for conducting the operation is a joint venture.

For the reason recited above, and in consideration of the mutual covenants contained in this agreement, the parties agree as follows:

SECTION ONE.

SCOPE AND DESCRIPTION

By this agreement, the parties create a joint venture to _____[describe enterprise] for profit. The joint venture shall be conducted under the name of _____[business name] from a place of business at _____[address], City of _____, State of _____.

SECTION TWO.

CONTRIBUTIONS

_____ [A.B.] is to contribute _____ Dollars (\$_____) to the joint venture. _____ [C.D.] is to contribute personal property described as follows: _____, having an agreed value of _____ Dollars (\$_____), and _____ [his or her] time and skill as a _____ for the duration of the joint venture, to ensure its success.

Contributions of money and property shall be made on or before _____[date]. Failure of either party to complete the contribution on a timely basis shall result in _____[termination of this agreement or as the case may be].

SECTION THREE.

CONDUCT OF VENTURE

_____ [C.D.] shall be responsible for management of the joint venture and shall devote all _____ [his or her] time to such management. However, _____ [he or she] shall be responsive to the policies established and agreed on by the parties. _____ [C.D.] shall have the authority, without the need to consult _____ [A.B.], to _____ [set forth scope and extent of authority]. Such authority may be increased or decreased from time to time on mutual agreement of the parties. _____ [C.D.] shall be liable to the joint venture for any losses or liabilities incurred by his or her negligent conduct or by willful acts that are detrimental to the venture if _____ [he or she] knew or should have known that such acts would be detrimental.

SECTION FOUR.

TITLE TO PROPERTY

All legal title to property acquired by the joint venture, whether real or personal, shall be taken in the name of _____, as trustee for the parties, and shall be held for their interest. The interest of each party in such property shall be proportionate to his or her share of the profits of the venture.

SECTION FIVE.

DIVISION OF PROFITS

The net profits earned by the joint venture, calculated at the end of each fiscal year, shall be divided among the parties as follows: _____ [A.B.] shall receive _____ percent (____%), and _____ [C.D.] shall receive _____ percent (____%). No other remuneration shall be received by the parties from the joint venture. The net profits will be calculated by first deducting all operating expenses from gross income of the joint venture.

SECTION SIX.

APPORTIONMENT OF LOSSES

The parties shall bear any net loss sustained by the venture in any fiscal year as follows: _____ [A.B.] shall bear _____ percent (____%) of such loss, and _____ [C.D.] shall bear _____ percent (____%). Any assessment against a party for a loss shall be payable to the joint venture not later than _____ days after the close of the fiscal year.

SECTION SEVEN.

RECORDS AND ACCOUNTING

_____ [C.D.] shall maintain or cause to be maintained a complete set of records, statements, and accounts concerning the total operation of the joint venture, in which books shall be entered, fully and accurately, each transaction pertaining to the venture. All the books will be open at all times for inspection and examination by _____ [A.B.] or _____ [his or her] agent.

The fiscal year of the joint venture shall commence on _____ and close on _____ of each year of operation. All accounting based on fiscal year figures shall be completed within _____ days after the close of the fiscal year.

SECTION EIGHT.

INSURANCE AND SURETY BONDS

The joint venture shall obtain insurance to cover the following items and types of losses: _____. The premiums shall be recognised business expenses of the joint venture.

The parties shall each post bond in the amount of _____ Dollars (\$_____) for the protection of assets, and the premiums shall be recognised business expenses of the joint venture.

SECTION NINE.

ASSIGNMENTS AND TRANSFERS

Neither party shall assign or transfer his or her rights or duties in the joint venture without the express written consent of the other party. Any transfer or assignment made without the consent of the other party shall not relieve the transferor or assignor of his or her duties or obligations under this agreement.

SECTION TEN.

ARBITRATION

The assignment of specific duties and authority to _____ [C.D.] was made to avoid major differences between the parties as to conduct of the venture. The parties declare that the terms of this agreement are controlling as to each of them. Any matter in dispute, and which is not provided for in this agreement, shall be submitted to arbitration _____ [under the provisions of _____ (cite statute) or as the case may be].

SECTION ELEVEN.

DEATH OR INCAPACITY OF PARTY

The death or incapacity of a party shall cause the joint venture to be dissolved at the completion of that current fiscal year. The annual net profits and proceeds from the sale of assets shall be divided pro rata between the surviving party and the legal representative or guardian of the deceased or incapacitated party.

SECTION TWELVE.

TERM

The effective date of this agreement shall be the date first above written, and the agreement shall continue in effect for a period of _____ years from that date, or until _____ *[set forth conditions for termination]*.

SECTION THIRTEEN.

TERMINATION OF AGREEMENT

On termination of this agreement for any cause whatever, the joint venture shall be wound up and dissolved _____ *[in accordance with _____ (cite statute) or as the case may be]*.

In witness whereof, the parties have executed this agreement at _____ *[designate place of execution]* the day and year first above written.

[Signatures]